



BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

BOB BURNS

Commissioner

SUSAN BITTER SMITH

Commissioner

Arizona Corporation Commission

DOCKETED

MAY 28 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION
OF XO COMMUNICATIONS SERVICES,
LLC FOR APPROVAL OF RESCISSION OF
BOND REQUIREMENT CONTAINED IN
ARIZONA CORPORATION COMMISSION
DECISION NO. 70471.

DOCKET NO. T-04302A-14-0115

DECISION NO. 74490

ORDER

Open Meeting
May 13 and 14, 2014
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. On April 1, 2014, XO Communications Services, LLC ("XO Communications" or "Applicant") submitted an Application with the Arizona Corporation Commission ("Commission" or "ACC") requesting an order cancelling the bond requirement contained in ACC Decision No. 70471.

2. In Arizona, the Applicant is authorized to provide competitive local exchange and interexchange services pursuant to authorization issued by the Commission in Decision No. 61373, dated January 29, 1999.

3. XO Communications serves business customers in the Phoenix metropolitan area. The Applicant does not serve residential customers in Arizona.

4. In its Application, XO Communications states that it has maintained the \$235,000 bond as required by Decision No. 70471, renewing and submitting the bond each year.

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Background

5. On January 17, 2003, in Decision No. 65520, XO Communications was reorganized and the Commission ordered the Applicant to procure a \$235,000 performance bond.

6. The Applicant's obligation to maintain the performance bond or irrevocable sight draft letter of credit was further reaffirmed by Decision No. 67006 dated May 24, 2004, Decision No. 67460 dated January 4, 2005, and Decision No. 70471 dated September 3, 2008.

XO Communications' Application

7. In its Application to eliminate the performance bond requirement, XO Communications cites Arizona Administrative Code ("A.A.C.") R14-2-1105(d), which states that "[i]n appropriate circumstances, the Commission may require, as a precondition to certification, the procurement of a performance bond sufficient to cover any advances or deposits the telecommunications company may collect from its customers, or order that such advances or deposits be held in escrow or trust."

8. XO Communications states that it has established through its investment in the state, and by its operating history, that customer deposits are not at risk, therefore, a bond is not necessary or reasonable given XO Communications' history.

Complaints and Compliance

9. The Consumer Services Section of the Utilities Division reports the following history of complaints, inquiries, or opinions filed against XO Communications:

2014 - Zero Complaints, Zero Inquiries

2013 - Six Complaints (four billing, two service), One Inquiry (one other¹)

2012 - Three Complaints (one billing, one service, one quality of service), Two Inquiries (two billing)

2011 - Ten Complaints (six billing, two quality of service, one disconnect/termination, one other²), Two Inquiries (one billing, one other³).

10. All complaints have been resolved and closed.

¹ Non-Jurisdictional Authority.

² Company Policy and Procedures.

³ Non-Jurisdictional Authority.

11. Consumer Services also reports that XO Communications is in good standing with the Corporations Division of the Commission.

12. The Compliance Section reports that XO Communications is currently in compliance.

Staff Recommendation

13. The Commission has recently, in appropriate circumstances, been relieving telecommunications providers of the obligation of a bond requirement.

14. Staff recommends that XO Communications be relieved of the \$235,000 performance bond or irrevocable sight draft Letter of Credit ("ISDLC") obligation approved in Decision No. 70471.

15. XO Communications has communicated to Staff that upon approval of this Application, the bond documents should be returned to the following name and address:

Mr. Nick Jukich
Risk Management
XO Communications
13865 Sunrise Valley Drive, Suite 400
Herndon, Virginia 20171-4661

CONCLUSIONS OF LAW

1. XO Communications Services, LLC is a public service corporation within the meaning of Article XV of the Arizona Constitution.

2. The Commission has jurisdiction over XO Communications Services, LLC and the subject matter in this filing.

3. The Commission, having reviewed the filing and Staff's Memorandum dated April 28, 2014, concludes that it is in the public interest to approve the XO Communications Services, LLC's Application as proposed and discussed herein.

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ORDER

IT IS THEREFORE ORDERED that the Application of XO Communications Services, LLC to terminate the performance bond or irrevocable sight draft letter of credit requirement contained in Decision No. 70471 be and hereby is approved.

IT IS FURTHER ORDERED that XO Communications Services, LLC may cancel, rescind, discontinue and be released from any performance bond, irrevocable sight draft letter of credit or other instrument obtained in compliance with the \$235,000 performance bond or irrevocable sight draft letter of credit requirement set by Decision No. 70471.

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IT IS FURTHER ORDERED that the XO Communications Services, LLC bond documents be returned to the following name and address as provided by the Applicant:

Mr. Nick Jukich
Risk Management
XO Communications
13865 Sunrise Valley Drive, Suite 400
Herndon, Virginia 20171-4661

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION

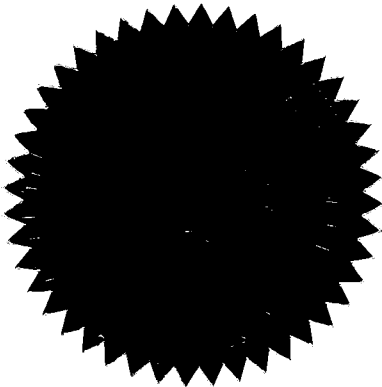
CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 23rd day of May, 2014.

JODI JERICH
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:PJG:sms\CHH

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